

Message Text

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46

ACTION EB-07

INFO OCT-01 IO-10 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-10

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 PRS-01 PA-01 FEA-01 /134 W

----- 108446

R 090935Z JUL 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 6124

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY ANKARA

AMEMBASSY BEIRUT

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY DOHA

AMEMBASSY DUBLIN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE 888

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AMEMBASSY TEHRAN

AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY WELLINGTON
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USMISSION NATO

LIMITED OFFICIAL USE VIENNA 5871

E.O. 11652: N/A
TAGS: ENRG, AU
SUBJECT: KREISKY WARNS OIL PRODUCERS ON PRICE RISE

BEGIN UNCLASSIFIED

1. IN INTERVIEW WITH PRESS ON JULY 4, DATE ON WHICH PARLIAMENT UNANIMOUSLY APPROVED MEMBERSHIP IN IEA, CHANCELLOR KREISKY DIRECTED A SHARP WARNING TO OIL PRODUCING STATES THAT ANY FURTHER PRICE INCREASES WOULD HAVE QUOTE SERIOUS CONSEQUENCES ALSO FOR OIL PRODUCING COUNTRIES UNQUOTE. KREISKY DECLARED THAT EFFECT OF ANY FURTHER PRICE RISE WOULD BE RAPID REDUCTION IN CONSUMPTION OF PETROLEUM PRODUCTS AS WELL AS ACCELERATED DEVELOPMENT OF ALTERNATE ENERGY SOURCES. THIS WOULD LEAD TO A DECLINE IN INCOME OF PRODUCER COUNTRIES. KREISKY CAUTIONED OIL PRODUCING STATES THAT THEY MUST TAKE INTO ACCOUNT ECONOMIC SITUATION IN INDUSTRIALIZED COUNTRIES.

2. IN SAME INTERVIEW KREISKY AGAIN RAISED HIS PROPOSAL FOR INTERNATIONAL MEETING OF SOCIALISTS WHICH WOULD DISCUSS OIL AMONG OTHER ISSUES. KREISKY DECLARED SUCH A MEETING, ORIGINALLY SET FOR JUNE, COULD TAKE PLACE IN DECEMBER OR FEBRUARY OF NEXT YEAR. END UNCLASSIFIED.

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3. COMMENT: KREISKY'S SURPRISINGLY BLUNT ADMONITION TO OIL PRODUCING STATES NOT TO RAISE PRICES IS NOTE-LIMITED OFFICIAL USE

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WORTHY, SINCE KREISKY HAS GONE TO GREAT LENGTHS TO AVOID ANY APPEARANCE OF CONFRONTATION WITH OPEC (WHOSE SECRETARIAT IS LOCATED IN VIENNA) AND HAS BEEN INTENSELY CULTIVATING CLOSER TIES WITH ARAB OIL PRODUCING STATES IN PAST YEAR. HE WAS UNDOUBTEDLY MOTIVATED TO LARGE EXTENT BY AUSTRIA'S OWN RATHER UNCERTAIN ECONOMIC SITUATION AND PROSPECTS, AS WELL AS CONSEQUENCES FOR AUSTRIA'S CHIEF TRADING PARTNERS OF ANY SIZEABLE RISE

IN OIL PRICES, PARTICULARLY THE FRG, WHICH ALONE ACCOUNTS
FOR OVER 20 PERCENT OF AUSTRIAN EXPORTS. END LIMITED
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Margaret P. Grafeld
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EO Systematic Review
06 JUL 2006

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